

# INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE  
ALCOHOL AND TOBACCO TAX DIVISION



Industry Circular No. 58-17

August 14, 1958

## INTERIM EXTENSION OF BONDING PERIOD FOR DISTILLED SPIRITS UNDER THE EXCISE TAX TECHNICAL CHANGES ACT OF 1958 (H. R. 7125 - 85TH CONGRESS)

To proprietors of internal revenue  
bonded warehouses, and others  
concerned:

Purpose. It now appears that the Excise Tax Technical Changes Act of 1958 (H. R. 7125 - 85th Congress) has a very good chance of being enacted into law. The purpose of this circular is to advise you of the action you must promptly take to obtain extension of the bonding period for distilled spirits as permitted under the provisions of the act, in the event it does become law. The following instructions are accordingly supplied in anticipation of its probable enactment. On enactment a Treasury decision on the subject will be promulgated.

Background. The Internal Revenue Code of 1954 provides an 8-year bonding period for distilled spirits. The proposed new legislation would amend the Internal Revenue Code in this respect by providing an over-all 20-year bonding period effective July 1, 1959. The proposed legislation will further provide for the extension of the bonding period for distilled spirits stored in, or in transit to, internal revenue bonded warehouses on the date of enactment if proper consent is filed, and it is with this phase that the Treasury decision mentioned above and this circular are concerned.

Procedure to Obtain Interim Extension. The Treasury decision will provide that where a proprietor desires to have the bonding period covering distilled spirits in his warehouse changed from an 8-year to a 20-year period (for periods on and after the date of enactment of the act), he shall file a proper consent of surety, Form 1533, to change the conditions of his warehousing and transportation bond, Form 1571, in that respect, or file a new bond, Form 1571, effective on the date of enactment of the act, with such consent. If the 8-year bonding period on any distilled spirits on deposit in, or in transit to, his warehouse expires at any time during the 10-day period which begins on the date of enactment of the act, the force-out provisions of existing law with respect to such spirits may be stayed if, and only if, before the close of such 10-day period, the proprietor files with his assistant regional commissioner a consent on his existing bond or files a new bond with

consent as described above. After this 10-day period, spirits becoming 8 years of age before such a consent or bond and consent is filed will have no period of grace and will be required to be withdrawn within the 8 years as specified by existing law. It is accordingly important that proprietors understand the conditions which they must meet if they desire to retain spirits in bond beyond the 8-year limitation.

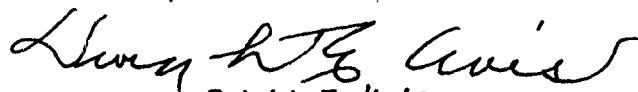
When filing a consent, or a new bond and consent, the procedures prescribed in 26 CFR Part 225 will be followed. Such consents or bonds must have an effective date which would cover the anniversary dates of any spirits for which it is desired to extend the 8-year bonding period. The consent must properly identify the bond affected and contain the following statement:

"To change, for periods on and after the date of enactment into law of the Excise Tax Technical Changes Act of 1958 (H. R. 7125 - 85th Congress), the condition of said bond based on the withdrawal of distilled spirits from the internal revenue bonded warehouse within 8 years from the date of the first entry thereof in any internal revenue bonded warehouse to a condition based on the withdrawal of spirits from the internal revenue bonded warehouse within 20 years from the date of the original entry for deposit."

Since we may not be able to issue a Treasury decision coincident with the date of enactment, it is suggested that you may wish to anticipate the passage of the proposed legislation and initiate steps leading to the securing and filing of the necessary consent or bond and consent.

Spirits Not Affected. These procedures will not be necessary with respect to spirits which on July 26, 1936, were 8 years of age or older and which were in bonded warehouses on that date, or with respect to alcohol produced at an industrial alcohol plant operated under 26 CFR Part 182.

Inquiries. Inquiries regarding this industry circular should refer to its number and be addressed to your assistant regional commissioner (alcohol and tobacco tax).

  
Dwight E. Avis,  
Director, Alcohol and Tobacco Tax Division.

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OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE  
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D.C.

Industry Circular No. 58-17, Supp. No. 1

August 27, 1958

## INTERIM EXTENSION OF BONDING PERIOD FOR DISTILLED SPIRITS UNDER THE EXCISE TAX TECHNICAL CHANGES ACT OF 1958 (H. R. 7125 - 85th CONGRESS)

To proprietors of internal revenue bonded warehouses, and others concerned:

**Purpose.** In anticipation of the enactment of the Excise Tax Technical Changes Act of 1958, you were advised in Industry Circular No. 58-17 concerning the action that might be taken to obtain extension of the bonding period for distilled spirits on which the 8-year bonding period would expire during the 10-day period which begins on the date of enactment of the act. Those instructions are supplemented herein (a) to describe the action which may be taken to obtain extension of the bonding period for spirits on which the 8-year bonding period will expire after such 10-day period, in the event extension has not been obtained under the procedures described in Industry Circular No. 58-17, and (b) to inform proprietors concerning restrictions imposed on the release of spirits for transfer in bond.

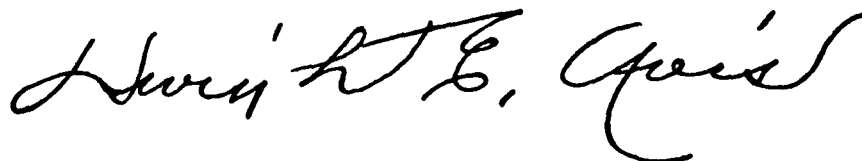
**Procedure.** The regulations will provide that where (after the 10-day period mentioned above) the proprietor desires to have the bonding period changed from an 8-year period to a 20-year period, he must file a consent, Form 1533, in duplicate, on his warehousing and transportation bond, Form 1571, or file a new bond, Form 1571, and proper consent, in duplicate. In such case the consent must actually be filed, and must be effective, before the expiration of the 8-year bonding period in respect of any distilled spirits for which the extension of the bonding period is desired. The consent must identify the bond and contain the following statement:

To change the condition of said bond based on the withdrawal of distilled spirits from the internal revenue bonded warehouse within 8 years from the date of the first entry thereof in any internal revenue bonded warehouse to a condition based on the withdrawal of spirits from the internal revenue bonded warehouse within 20 years from the date of the original entry for deposit.

Where a proprietor has had the terms of the existing bond extended by approved consents of surety, and he desires to have the same terms apply under the new bond, he must at the time of filing the new bond execute and submit consent of surety which will extend the terms of the new bond to cover the same operations permitted under the superseded bond.

Condition applicable after extension. Proprietors must understand that, through June 30, 1959, even though a consent or new bond has been filed, storekeeper-gaugers will not be permitted to allow spirits to be removed for transfer in bond if the 8-year bonding period for such spirits has expired or will expire while the spirits are in transit, unless the consignor-warehouseman produces evidence that the consignee-warehouseman has also filed a proper consent (or a new bond and a consent) to cover a 20-year bonding period.

Inquiries. Inquiries regarding this industry circular should refer to its number and be addressed to your assistant regional commissioner (alcohol and tobacco tax).

A handwritten signature in cursive script, reading "Dwight E. Avis". The signature is written in dark ink and is positioned above the printed name and title.

Dwight E. Avis  
Director, Alcohol and Tobacco Tax Division